

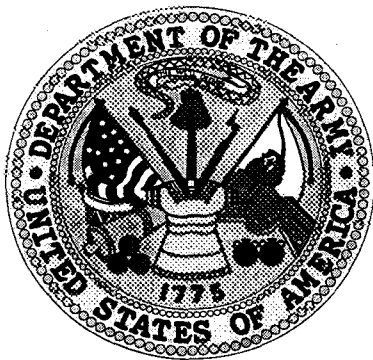
Department of the Army

FY 2000 / 2001

Biennial Budget Estimates

**Military Construction, Army,
Family Housing & Homeowners
Assistance**

**Justification Data Submitted to Congress
February 1999**



***FY 2000/2001
Biennial Budget Estimate***

**Homeowners Assistance Fund,
Defense**

**Justification Data Submitted to Congress
February 1999**

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PART III HOMEOWNERS ASSISTANCE

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February 1999

HOMEOWNERS ASSISTANCE FUND, DEFENSE
FY 2000 BUDGET ESTIMATE
SUMMARY

	<u>(In Thousands)</u>
FY 2000 Program	\$ -0-
FY 1999 Program	\$ -0-

Program and Scope

This fund finances a program for providing assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations is reduced. It was established in recognition of the fact that base closure and reduction actions can have serious economic effects on local communities. Military, federal civilian personnel and Non-appropriated Fund employees, who are required to relocate as a result of or during such actions, frequently cannot dispose of their homes under reasonable terms and conditions, and suffer severe financial hardship.

In order to determine the effect of the closure or reduction action on local communities, a Market Impact Study (MIS) is performed. The MIS addresses real estate market and overall economic conditions relative to the closure or reduction action, and includes appraisals of area properties before and after the announcement. Factors in determining market impact include: a significant decline in real estate market value; significant increases in inventory of unsold houses, average number of days on the market; foreclosures; decrease in home sales; and inability of affected personnel to sell homes for the amount of the existing mortgage(s). If the MIS demonstrates sufficient impact on the market and establishes a causal relationship, a program is implemented. Eligible applicants may be reimbursed for certain losses resulting from the sale of their home.

Benefits under the program include payment of partial compensation for losses sustained in the private sale of the dwelling; payment of the costs of a judicial foreclosure of a mortgage; or purchase of a dwelling by liquidating or assuming the outstanding mortgage(s).

Although the program provides for acquisition of dwellings, the Government does so only for the accommodation of the applicant. The homes are then resold by the Government. Every effort is made to insure that each applicant is treated equally and receives the maximum benefits under the law as rapidly as practicable, but with a minimum expenditure of time and money for administration.

Program Summary

The FY 2000 budget requests authorization of appropriation and appropriation in the amount of \$0.00 to fund Homeowners Assistance Fund program expenses. Total program requirements for the FY 2000 program are estimated at \$62,687,000 and will be funded with revenue from sales of acquired properties, prior year unobligated balances and anticipated authority to transfer monies into the fund from the BRAC account.

The Homeowners Assistance Fund, Defense (HOA) is a non-expiring revolving fund. As shown on the Program Financial Summary chart, the fund receives funding from several sources: appropriations, borrowing authority, reimbursable authority, prior fiscal year unobligated balances, appropriation transfers, revenue from sale of acquired properties, and recovery of prior year obligations. Program expenses include payments to homeowners for losses on private sales; cost of judicial foreclosure; property acquisition by liquidating and/or assuming outstanding mortgages; partial payment of homeowners' lost equity on government acquisitions; retirement of debt after sale of properties when the government assumes mortgages; and administrative expenses.

The fund is not a profit-making endeavor. Although the proceeds from the sale of homes are returned to the fund, this revenue does not totally replenish it nor totally fund projected requirements. Since the Homeowners Assistance Fund is not self-sustaining, appropriated funds or funds transferred from the BRAC account are required to maintain its solvency as a revolving fund. The FY 2000 budget request is \$0.00. The program may require transfer of \$24,538,000 from the BRAC account to fund the FY 2000 program requirements.

The chart below is a summary of the funding for the FY1998, FY1999, FY2000

PROGRAM FINANCIAL SUMMARY

HOMEOWNERS ASSISTANCE FUND, DEFENSE	ACTUAL FY 1998	FY 1999	FY 2000
PROGRAM RESOURCES			
New Appropriation/TOA Requested	0	0	0
Indefinite Borrowing Authority	0	0	0
Transfer To/From Other Account	0	0	24,538,000
Total Budget Authority Requested	0	0	24,538,000
REIMBURSABLE RESOURCES			
Reimbursable Authority	0	0	0
OTHER PROGRAM RESOURCES			
Prior FY Unoblig Bal Brought FWD	97,242,000	42,214,000	0
Unobligated Balance Transferred - TO / FROM	0	0	0
Anticipated Revenue from Sale of Real Property	60,794,000	65,018,000	38,149,000
Recovery of Prior Year Balances	5,035,000	0	0
TOTAL PROGRAM RESOURCES	163,071,000	107,232,000	62,687,000
PLANNED PROGRAM EXECUTION			
Payments to Homeowners	24,292,000	18,676,000	9,924,000
Other Operating Cost	25,863,000	22,190,000	22,513,000
Acquisition of Real Property	70,702,000	66,366,000	30,250,000
Mortgages Assumed	0	0	0
Retirement of Debt - Authority W/D	0	0	0
TOTAL PLANNED PROGRAM EXPENSE	120,857,000	107,232,000	62,687,000
ANTICIPATED EOY UNOBLIGATED :			
Unused - Mortgage Assumption Authority	0	0	0
Balance Carried Forward	42,214,000	0	0

Homeowners Asst Fund, Def.
Program and Financing (in Thousands of dollars)

DEF ACCT SUMMARY

Identification code	97-4090-0-3-051	1998 actual	1999 est.	2000 est.	2001 est.
Program by activities:					
Direct program:					
01.0101	Payment to homeowners (private sale and foreclosure assistan	24,292	18,676	9,924	11,643
01.0201	Other operating costs	25,863	22,190	22,513	18,034
02.0101	Acquisition of real property	70,702	66,366	30,250	21,314
02.9101	Total program	120,857	107,232	62,687	50,991
10.0001	Total obligations	120,857	107,232	62,687	50,991
Financing:					
Offsetting collections from:					
14.0001	Non-Federal sources(-)	-60,794	-65,018	-38,149	-27,788
17.0001	Recovery of prior year obligations	-5,035			
21.9801	Unobligated balance available, start of year:				
	Unobligated balance, SOY: Fund balance	-97,242	-42,214		
24.9801	Unobligated balance available, end of year:				
	Unobligated balance, EOY: Fund balance	42,214			2,747
42.0001	Budget authority (Transferred from other accounts)			24,538	25,950
Relation of obligations to outlays:					
71.0001	Obligations incurred	60,063	42,214	24,538	23,203
72.1001	From Federal sources: Receivables and unpaid, unfilled orders, SOY	-5,164	-2,602	-2,601	-2,601
72.9801	Obligated balance, start of year: Obligated balance, start of year, fun	17,021	16,351	16,810	17,740
74.1001	From Federal sources: Receivables and unpaid, unfilled orders, EOY	2,602	2,601	2,601	2,601
74.9801	Obligated balance, end of year: Obligated balance, end of year, fund ba	-16,351	-16,810	-17,740	-17,111
77.0001	Adjustments in expired accounts (net)	-1			
78.0001	Adjustments in unexpired accounts	-5,035			
90.0001	Outlays (net)	53,135	41,754	23,608	23,832

Homeowners Asst Fund, Def.
Object Classification (in Thousands of dollars)

DEF ACCT SUMMARY

Identification code	97-4090-0-3-051	1998 actual	1999 est.	2000 est.	2001 est.
Direct obligations:					
Personnel compensation:					
111.101	Full-time permanent	5,854	8,985	8,747	7,744
111.301	Other than full-time permanent	42			
111.501	Other personnel compensation	84			
111.901	Total personnel compensation	5,980	8,985	8,747	7,744
112.101	Civilian personnel benefits	1,229	1,840	1,792	1,586
121.001	Travel and transportation of persons	262	337	318	255
122.001	Transportation of things	27			
123.101	Rental payments to GSA	182			
123.301	Communications, utilities, and miscellaneous charges	65			
124.001	Printing and reproduction	14			
125.101	Advisory and assistance services	4,757	14,028	11,656	8,449
126.001	Supplies and materials	49			
131.001	Equipment	201			
132.001	Land and structures	77,046	60,366	30,250	21,314
141.001	Grants, subsidies, and contributions	994	650	424	579
142.001	Insurance claims and indemnities	30,051	21,026	9,500	11,064
199.001	Total Direct obligations	120,857	107,232	62,687	50,991
999.901	Total obligations	120,857	107,232	62,687	50,991